

1 J. Thomas Beckett, Bar No. 5587
Admitted Pro Hac Vice, Docket No. 224
2 David P. Billings, Bar No. 11510
Admitted Pro Hac Vice, Docket No. 225
3 PARSONS BEHLE & LATIMER
One Utah Center
4 201 South Main Street, Suite 1800
Salt Lake City, UT 84111
5 Telephone: (801) 532-1234
tbeckett@parsonsbehle.com
6 dbillings@parsonsbehle.com

7 Rew R. Goodenow, Bar 3722
PARSONS BEHLE & LATIMER
8 50 West Liberty Street, Suite 750
Reno, Nevada 89501
9 (775) 323-1601
rgoodenow@parsonsbehle.com

10
11 *Counsel to the Official Committee*

12
13 **UNITED STATES BANKRUPTCY COURT**

14 **FOR THE DISTRICT OF NEVADA**

15 **THE RHODES COMPANIES,**
aka "Rhodes Homes, *et al.*,"

16
17 Debtors

CASE NO. BK-S-09-14814-LBR
(Jointly Administered)

Chapter 11

Honorable Linda B. Riegle

18
19
20 **THIRD INTERIM FEE APPLICATION OF PARSONS BEHLE & LATIMER AS**
COUNSEL TO THE UNSECURED CREDITORS COMMITTEE

21 Parsons Behle & Latimer ("Parsons Behle" or the "Firm"), counsel to the Official
22 Committee (the "Committee") of Unsecured Creditors of The Rhodes Companies, aka "Rhodes
23 Homes," *et al.*, (the "Debtor;" together with its filed affiliates, the "Debtors"), pursuant to 11
24 U.S.C. §§ 330(a), 331, 503(b)(2) and 507(a)(1), Federal Rule of Bankruptcy Procedure 2016, and
25 pursuant to the procedures set forth in this Court's May 18, 2009 "*Order Granting Debtors'*
26 *Motion for Administrative Order Pursuant to Sections 105(A) and 331 of the Bankruptcy Code*
27
28

1 *and Bankruptcy Rule 2016 Establishing Procedures for Interim Monthly Compensation and*
2 *Reimbursement of Expenses of Professionals [Re: Docket No. 62]*” (the “Administrative
3 Compensation Order”) [Docket #180], hereby files its Third Interim Fee Application (this
4 “Application”) for (i) compensation for fees earned in the amount of \$39,883.00 and (ii)
5 reimbursement for expenses incurred in the amount of \$2,675.26, for the period of time between
6 October 1, 2009 and December 31, 2009 (the “Third Interim Compensation Period”), and
7 respectfully states:
8

9 **I. BACKGROUND.**

10 1. On either March 31, 2009 or April 1, 2009, each of the Debtors commenced with
11 the court a voluntary case under chapter 11 of title 11 of the United States Code (the “Bankruptcy
12 Code”).

13 2. On April 10, 2009, this Court entered an order authorizing the joint administration
14 of the Debtors' cases. [Docket #18]

15 3. The Debtors currently operate their businesses and manage their properties as
16 debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

17 4. No trustee or examiner has been appointed in these cases.

18 5. The exclusive period of section 1121(d)(1) of the Bankruptcy Code, under which
19 only the Debtors may file a plan of reorganization, was terminated by Order of the Court on July
20 21, 2009, which Order further provided that none of the parties to a mediation term sheet may file
21 a plan of reorganization or facilitate any other person in filing a plan of reorganization prior to
22 August 28, 2009, regardless of the status of the Plan Mediation. [Docket #336]

23 6. The 90-day period under Section 365(d)(4) of the Bankruptcy Code was extended
24 by Orders of the Court on July 21 and August 28, 2009 [docket #334 & #497], through January
25 10, 2010.
26
27
28

7. On December 1, 2009, the Steering Committee of Senior Secured Lenders filed its (i) *Second Amended Modified Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code for the Rhodes Companies, LLC, et al.* (the “*Proposed Plan*”) [Docket #797]; and (ii) accompanying *Second Amended Modified Disclosure Statement for the Second Amended Modified Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code for the Rhodes Companies, LLC, et al.* [Docket #798]

8. On December 1, 2009, this Court entered its *Order (A) Approving the Adequacy of the First Lien Steering Committee’s Disclosure Statement; (B) Approving Solicitation and Notice Procedures with Respect to Confirmation of the First Lien Steering Committee’s Proposed Plan of Reorganization; (C) Approving the Form of Various Ballots and Notices in Connection Therewith; and (D) Scheduling Certain Dates with Respect Thereto.* [Docket #809] .

9. After solicitation, all classes, except Class C-1 (General Unsecured Claims), voted in favor of the Proposed Plan.

10. The hearing on confirmation of the Proposed Plan was held on February 11, 2010 and continued to February 12, 2010. The Proposed Plan was further modified at the hearing on February 12, 2010. The Court has not yet entered an order confirming the modified Proposed Plan.

II. THE COMMITTEE AND ITS ENGAGEMENT OF PARSONS BEHLE.

11. The Committee was constituted by the United States Trustee (the “U.S. Trustee”) on May 26, 2009. [Docket #201]

12. Parsons Behle was duly selected by the Committee as its counsel on May 26, 2009.

13. Parsons Behle commenced to perform services and incur expenses on behalf of the Committee in the Debtors’ bankruptcy cases on May 26, 2009.

14. On June 18, 2009, the Committee filed its Application to Employ Parsons Behle as Counsel to the Committee (the "Employment Application") [Docket #249]. This Court's order granting the Employment Application (the "Order") was entered on August 3, 2009 [Docket #380]. The terms and conditions of Parsons Behle's engagement as counsel to the Committee are set forth in the Employment Application and the Order.

III. PARSONS BEHLE'S PREVIOUS MONTHLY STATEMENTS.

15. Parsons Behle has, previous to the date of this Application, sought payment of fees and reimbursement of expenses by submitting six monthly fee statements to the Debtors pursuant to the Administrative Compensation Order.¹

A. First Parsons Behle Monthly Statement.

16. Pursuant to the Administrative Compensation Order, on August 30, 2009, Parsons Behle submitted its first fee statement (the "First Parsons Behle Monthly Statement") for the period of time between July 1, 2009 and July 31, 2009. The statement was for \$20,979.00 in fees and \$1,119.04 in expenses.

B. Second Parsons Behle Monthly Statement.

17. Pursuant to the Administrative Compensation Order, on September 21, 2009, Parsons Behle submitted its second fee statement (the "Second Parsons Behle Monthly Statement") for the period of time between August 1, 2009 and August 31, 2009. The statement was for \$25,673.75 in fees and \$622.06 in expenses.

C. Third Parsons Behle Monthly Statement.

18. Pursuant to the Administrative Compensation Order, on October 20, 2009, Parsons Behle submitted its third fee statement (the "Third Parsons Behle Monthly Statement") for the period of time

¹ As reflected in Parson Behle's First Interim Fee Application, there were no monthly fee statements submitted to the Debtors for the period of May 26, 2009 through May 31, 2009 or June 1, 2009 through June 30, 2009.

1 between September 1, 2009 and October 16, 2009.² The statement was for \$32,200.00 in fees and
 2 \$3,899.99 in expenses.

3 **D. Fourth Parsons Behle Monthly Statement.**

4 Pursuant to the Administrative Compensation Order, on November 20, 2009, Parsons Behle
 5 submitted its fourth fee statement (the "Fourth Parsons Behle Monthly Statement") for the period of time
 6 between October 17, 2009 and October 31, 2009.² The statement was for \$11,211.50 in fees and \$173.35
 7 in expenses.

8 **E. Fifth Parsons Behle Monthly Statement.**

9
 10 19. Pursuant to the Administrative Compensation Order, on December 7, 2009,
 11 Parsons Behle submitted its fifth fee statement (the "Fifth Parsons Behle Monthly Statement") for
 12 the period of time between November 1, 2009 and November 30, 2009. The statement was for
 13 \$19,024.75 in fees and \$594.19 in expenses.

14 **F. Sixth Parsons Behle Monthly Statement.**

15
 16 20. Pursuant to the Administrative Compensation Order, on January 20, 2010, Parsons
 17 Behle submitted its sixth fee statement for the period of time between December 1, 2009 and
 18 December 31, 2009. The statement was for \$10,645.25 in fees and \$1,168.58 in expenses. On
 19 January 26, 2010, Parsons Behle submitted its revised sixth fee statement for the period of time
 20 between December 1, 2009 and December 31, 2009 to remove an entry that was inadvertently
 21 included on December 29, 2009. The revised statement was for \$10,135.25 in fees and \$1,168.58
 22 in expenses. On February 16, 2010, Parsons Behle submitted its second revised sixth fee
 23 statement (the "Revised Sixth Parsons Behle Monthly Statement") for the period of time between
 24 December 1, 2009 and December 31, 2009 to remove a second entry that was inadvertently
 25

26 ² The Third Parsons Behle Monthly Statement erroneously included fees and costs from October 1 through October
 27 16, 2009 in addition to fees and costs from September 1, 2009 through September 30, 2009. Therefore, the fees and
 28 costs submitted in the Fourth Parsons Behle Monthly Statements omitted fees and costs from October 1 through
 October 16, 2009 and included only fees and costs for the period of time between October 17, 2009 and October 31,
 2009.

1 included on December 29, 2009 and discovered in connection with the preparation of this
 2 Application. The second revised statement was for \$9,412.75 in fees and \$1,168.58 in expenses.

3 21. This Application, therefore, seeks this Court's approval of the \$39,883.00 of fees,
 4 and \$2,675.26 of expenses, sought pursuant to the Fourth, Fifth and Revised Sixth Parsons Behle
 5 Monthly Statements.
 6

7 **IV. PARSONS BEHLE'S PRIOR APPLICATIONS FOR COMPENSATION**
 8 **AND REIMBURSEMENT, AND THIS COURT'S AWARDS THEREON.**

9 22. This application is the third interim application filed by Parsons Behle in this case.
 10 It is for all time and expenses incurred, after Parsons Behle was engaged by the Committee,
 11 between October 1, 2009 and December 31, 2009. The following is a complete schedule of all
 12 prior applications submitted to the Court for approval:

Date Filed	Amount Requested	Date Approved	Compensation Time Period	Amount Approved
08/15/2009 Docket #409	\$33,831.84	12/09/2009	May 13, 2009- June 30, 2009	\$30,281.09
11/13/2009 Docket #731 ³	\$83,520.70	1/14/10	July 1, 2009- September 30, 2009	\$83,520.70

13
14
15
16
17 **Total Amount Previously Approved: \$113,801.79**

18
19
20
21
22
23
24
25
26
27
28 ³ Parsons Behle filed a *Notice of Amended Exhibit "B" to Second Interim Fee Application* on December 22, 2009 [Docket #873]. However, the amount of \$4,109.95 in costs submitted remained the same.
 4844-7459-5333.1

V. PAYMENTS TO PARSONS BEHLE IN RESPECT OF PREVIOUS MONTHLY STATEMENTS AND FEE APPLICATIONS.

23. To date, Parsons Behle has received as compensation the following amounts from the following sources:

Date Received	Amount Received	Source of Payment
09/11/2009	\$22,098.04	Debtors
10/15/2009	\$22,444.75	Debtors
11/23/2009	\$31,269.99	Debtors
11/30/2009	\$ 9,713.13	Debtors
12/28/2009	\$16,765.23	Debtors
12/28/2009	\$30,281.09	Debtors

Total Amount Received: \$132,572.23

VI. PARSONS BEHLE'S PRESENT APPLICATION: FEES.

24. In performing services for the Committee, Parsons Behle has attempted to minimize fees and expenses by utilizing, where possible, the most economical yet most effective methods, including (i) concentration, supervision and coordination on and of all services by one attorney, J. Thomas Beckett; (ii) assignment of projects to specific persons having sufficient expertise yet the lowest available billing rates; (iii) correspondence with the Committee's members and their constituents primarily by e-mail whenever possible, rather than by courier, postal service or telecopy; and (iv) not billing for unproductive travel time.

25. Parsons Behle has provided detail describing the tasks performed, and the time required to perform those tasks, at Exhibit "A."

26. The following professional employees of Parsons Behle have performed services on behalf of the Committee during the Third Interim Compensation Period:

Individual	Total Hours	Hourly Rate	Compensation
J. THOMAS BECKETT	71.70	\$ 425.00	\$30,472.50
REW R. GOODENOW	7.10	\$ 350.00	2,485.00
DAVID P. BILLINGS	3.90	\$ 180.00	702.00
LINDA O. MYERS	46.10	\$ 135.00	6,223.50

Total Hours Billed: 128.80

Total Compensation Requested: \$39,883.00

Blended Hourly Rate: \$309.65

27. The compensation requested is based on the customary compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code.

28. Parsons Behle has categorized its tasks by the following project categories, which are explained in more detail below:

CODE	CATEGORY	TOTAL HOURS	TOTAL FEES	BLENDED RATE	% (FEES)
B01	Case Administration	19.15	\$ 2,672.25	\$139.54	7%
B03	Time Keeping / Fee Applications	37.95	\$ 8,022.75	\$211.40	20%
B04	Hearings and Contested Matters	7.10	\$ 2,500.00	\$352.11	6%
B05	Plan of Reorganization	31.70	\$12,963.50	\$408.94	33%
B06	Committee Meetings/ Business	32.60	\$13,597.00	\$417.09	34%
B07	Proof of Claim Assistance	.30	\$ 127.50	\$425.00	0%

29. These categories, sorted by the fees charged for each category, appear as follows:

CODE	CATEGORY	TOTAL HOURS	TOTAL FEES	BLENDED RATE	% (FEES)
B06	Committee Meetings/ Business	32.60	\$13,597.00	\$417.09	34%
B05	Plan of Reorganization	31.70	\$12,963.50	\$408.94	33%
B03	Time Keeping / Fee Applications	37.95	\$ 8,022.75	\$211.40	20%
B01	Case Administration	19.15	\$ 2,672.25	\$139.54	7%
B04	Hearings and Contested Matters	7.10	\$ 2,500.00	\$352.11	6%
B07	Proof of Claim Assistance	.30	\$ 127.50	\$425.00	0%

30. Parsons Behle performed professional services during the Third Interim Compensation Period on behalf of the Committee in the following matters as broken down by project categories:

A. Case Administration / Legal Support (“B01”)

31. “Case Administration / Legal Support” is the project category which generally captures the billable administrative services rendered in support of Parsons Behle’s representation of the Committee, which services do not easily fit in the other project categories.

32. The following individuals performed services during the Third Interim Compensation Period with respect to the Case Administration / Legal Support project category:

10/01/09-12/31/09

B01 – CASE ADMINISTRATION / LEGAL SUPPORT

NAME (INITIALS)	TITLE	HOURLY RATE	TOTAL HOURS	TOTAL FEES
J. THOMAS BECKETT (JTB)	Shareholder	\$425.00	.30	\$ 127.50
LINDA O. MYERS (LO)	Paralegal	\$135.00	18.85	2,544.75
TOTAL HOURS & FEES			19.15	\$2,672.25
PERCENT OF TOTAL APPLICATION (BY FEES)				7%
BLENDED HOURLY RATE				\$139.54

B. Fee Applications and Time Recordation (“B03”)

33. “Fee Applications and Time Recordation” is the project category which captures the discrete time that Parsons Behle’s professionals expend effecting the Firm’s engagement, reviewing the terms of other counsel’s engagement, appearing at engagement hearings, preparing its own monthly statements and fee applications, and reviewing the monthly statements and fee applications of other counsel.

34. The following individuals performed services during the Third Interim Compensation Period with respect to the Fee Application and Time Recordation project category:

10/01/09-12/31/09

B03 – FEE APPLICATIONS / TIME RECORDATION

NAME (INITIALS)	TITLE	HOURLY RATE	TOTAL HOURS	TOTAL FEES
J. THOMAS BECKET (JTB)	Shareholder	\$425.00	9.80	\$4,165.00
REW R. GOODENOW (RRG)	Shareholder	\$350.00	.10	35.00
DAVID P. BILLINGS (DPB)	Associate	\$180.00	.80	144.00
LINDA O. MYERS (LO)	Paralegal	\$135.00	27.25	3,678.75
TOTAL HOURS & FEES			37.95	\$8,022.75
PERCENT OF TOTAL APPLICATION (BY FEES)				20%
BLENDED HOURLY RATE				\$211.40

C. Hearings / Contested Matters (“B04”)

35. “Hearings / Contested Matters” is the project category which was created to hold the time of Parsons Behle professionals’ investigation of, research on, preparation for and attendance at hearings on matters pending before the Court for which no other project category has been created.

36. The following individuals performed services during the Third Interim Compensation Period with respect to the Hearings / Contested Matters project category:

10/01/09-12/31/09

B04 – HEARINGS / Contested Matters

NAME (INITIALS)	TITLE	HOURLY RATE	TOTAL HOURS	TOTAL FEES
J. THOMAS BECKETT (JTB)	Shareholder	\$425.00	3.60	\$1,530.00
REW R. GOODENOW (RRG)	Shareholder	\$350.00	2.00	700.00
DAVID P. BILLINGS (DPB)	Associate	\$180.00	1.50	270.00
TOTAL HOURS & FEES			7.10	\$2,500.00
PERCENT OF TOTAL APPLICATION (BY FEES)				6%
BLENDED HOURLY RATE				\$352.11

D. Plan of Reorganization (“B05”)

37. “Plan of Reorganization” is the project category which was created to hold the time of Parsons Behle’s professionals spent researching and negotiating plan of reorganization issues, and appearing at hearings on the various proposed disclosure statements and reorganization plans.

38. The following individuals performed services during the Third Interim Compensation Period with respect to the Plan of Reorganization project category:

10/01/09-12/31/09

B05 – PLAN OF REORGANIZATION

NAME (INITIALS)	TITLE	HOURLY RATE	TOTAL HOURS	TOTAL FEES
J. THOMAS BECKETT (JTB)	Shareholder	\$425.00	26.50	\$ 11,262.50
REW R. GOODENOW (RRG)	Shareholder	\$350.00	4.50	1,575.00
DAVID P. BILLINGS (DPB)	Associate	\$180.00	.70	126.00
TOTAL HOURS & FEES			31.70	\$12,963.50
PERCENT OF TOTAL APPLICATION (BY FEES)				33%
BLENDED HOURLY RATE				\$408.94

E. Committee Meetings & Business (“B06”)

39. “Committee Meetings & Business” is the project category created to contain the time of Parsons Behle’s professionals spent (i) briefing the Committee on pending and impending issues, (ii) preparing for and conducting meetings of the Committee, and (iii) responding to requests and inquiries from the Committee, its members and its constituency.

40. The following individuals performed services during the Third Interim Compensation Period with respect to the Committee Meetings & Business project category:

10/01/09-12/31/09

B06 – COMMITTEE MEETINGS & BUSINESS

NAME (INITIALS)	TITLE	HOURLY RATE	TOTAL HOURS	TOTAL FEES
J. THOMAS BECKETT (JTB)	Shareholder	\$425.00	31.20	\$ 13,260.00
REW R. GOODENOW (RRG)	Shareholder	\$350.00	.50	175.00
DAVID P. BILLINGS (DPB)	Associate	\$180.00	.90	162.00
TOTAL HOURS & FEES			32.60	\$13,597.00
PERCENT OF TOTAL APPLICATION (BY FEES)				34%
BLENDED HOURLY RATE				\$417.09

F. Proof of Claim Assistance (“B07”)

41. “Proof of Claim Assistance” is the project category created to hold the time of Parsons Behle professionals assisting individual creditors with issues arising from the proof of claim filing process.

42. The following individuals performed services during the Third Interim Compensation Period with respect to the Committee Meetings & Business project category:

10/01/09-12/31/09

B07 – PROOF OF CLAIM ASSISTANCE

NAME (INITIALS)	TITLE	HOURLY RATE	TOTAL HOURS	TOTAL FEES
J. THOMAS BECKETT (JTB)	Shareholder	\$425.00	.30	\$127.50
TOTAL HOURS & FEES			.30	\$127.50
PERCENT OF TOTAL APPLICATION (BY FEES)				0%
BLENDED HOURLY RATE				\$425.00

VII. PARSONS BEHLE'S PRESENT APPLICATION: EXPENSES.

43. During the Third Interim Compensation Period, Parsons Behle incurred actual and necessary expenses in the total amount of \$2,675.26 in connection with its professional services rendered to the Committee. A list of these expenses is attached as Exhibit "B."

44. The amount of costs were computed utilizing the following methods of allocation:

Cost Code	Description	Amount
10	PHOTOCOPIES	\$ 448.05
20	POSTAGE	41.36
40	LONG DISTANCE TELEPHONE	2.45
62	PACER COURT DOCKET	116.28
100	APPEARANCE FEE	30.00
135	COURT REPORTERS	30.00
161	MEALS	128.66
162	HOTEL, TAXI'S & PARKING	451.03
165	AIRFARE	1,427.43

(Copies are charged at the rate of \$.15 each.)
(Long distance calls are charged at actual cost.)
(Mileage is not charged.)

VIII. OPINIONS, CERTIFICATIONS AND DISCLOSURES.

45. All services performed and expenses incurred for which compensation or reimbursement is requested were actually performed or incurred for and on behalf of the Committee and its constituency and not for the benefit of any other person or entity.

46. In the opinion of the undersigned, all such services actually benefited the estate and its unsecured creditors.

47. In the opinion of the undersigned, Parsons Behle's fees earned and expenses incurred in the Third Interim Compensation Period are fair and reasonable in light of the services rendered.

48. Parsons Behle certifies that none of the compensation or reimbursement for costs applied for in this application will be shared with any entity in violation of 11 U.S.C. § 504.

49. Parsons Behle has not made any agreements with the Committee, the Debtor or others for compensation or reimbursement which have not been disclosed to the Court.

50. To the best knowledge of the undersigned, all quarterly fees have been paid to the U. S. Trustee and all monthly operating reports have been filed.

51. The undersigned has inquired of all attorneys employed by Parsons Behle with respect to those matters initially disclosed to the Court pursuant to Federal Rule of Bankruptcy Procedure 2014 and has determined that no further disclosure is warranted at this time.

WHEREFORE, Parsons Behle prays

1. That interim compensation and reimbursement be awarded to Parsons Behle in the total amount of \$42,558.26, which includes \$39,883.00 for professional services rendered and \$2,675.26 for expenses incurred during the Third Interim Compensation Period;

2. That such amounts be allowed as priority administrative expenses of the estate pursuant to 11 U.S.C. § 503(b)(2) and 507(a)(1);

DATED this 16th day of February, 2010.

Counsel to the Committee